

# Q4 2012



# City of Pleasanton Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2012)

## Pleasanton In Brief

The allocation of sales and use tax from Pleasanton's October through December sales was 4.8% higher than the same quarter one year ago.

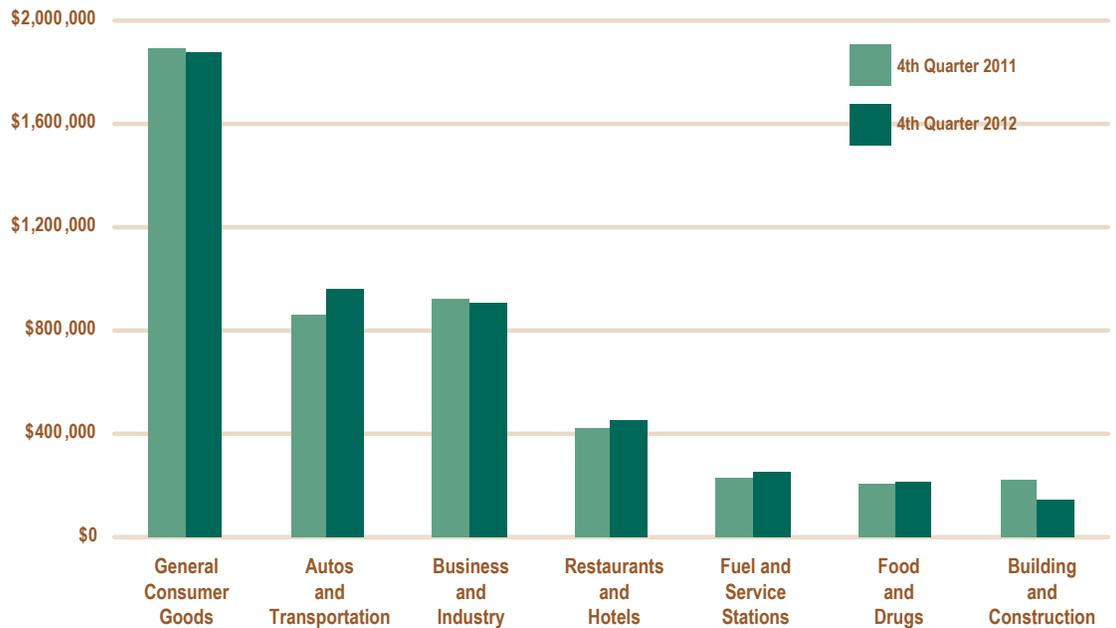
The comparisons were skewed by accounting aberrations that deflated receipts from some categories in the building-construction and business-industrial group while inflating revenues from the countywide use tax allocation pool. Actual sales activity was up 6% after anomalies were factored out.

Higher fuel prices and a solid quarter for auto sales, restaurants and high tech business equipment were the primary contributors to the actual increase. A roughly 10% real gain in the countywide allocation pool was also a factor and was due to the earlier passage of AB 155 which expanded the definition of out-of-state companies required to collect California's sales and use tax.

The gains were offset by declines in department stores, consumer electronics and some business and construction supplies. The jump in women's apparel was caused by a reporting error that will be reversed in a future quarter.

Adjusted for aberrations, sales and use tax receipts for all of Alameda County increased 5.2% over the comparable time period while the nine-county bay region as a whole was up 6.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



## REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$8,914,436	\$9,514,121
County Pool	1,185,041	1,492,421
State Pool	4,566	1,867
<b>Gross Receipts</b>	<b>\$10,104,043</b>	<b>\$11,008,409</b>
Cty/Cnty Share	(505,202)	(550,420)
<b>Net Receipts</b>	<b>\$9,598,841</b>	<b>\$10,457,989</b>
Less Triple Flip*	\$(2,399,710)	\$(2,614,497)

\*Reimbursed from county compensation fund

## Statewide Results

Statewide sales tax receipts for October through December sales were up 3.4%; however, net of onetime payment aberrations, actual sales increased 6.1% compared to the same sales period in 2011.

The autos and transportation group, led by continued strong sales of new cars and light trucks, recorded another quarter of robust increases over prior year results and accounted for 26% of the adjusted statewide gain. For many general consumer goods retailers the holiday sales season can be the difference between a profit and a loss for the year. This group bested year-ago receipts by 4.3%. Business and industry totals again included tax receipts from a variety of alternative energy projects. Heavy industrial, office equipment and office supplies/furniture also contributed to the group's 5.3% increase. Restaurant dining remained popular as overall sales moved up 5.7%, with most of the increase going to full and quick-service operators. Higher prices at the pump bolstered returns for fuel and service stations which posted a 2.1% rise, even as gasoline consumption for the period trended down. Receipts for building and construction increased 5.3%, while food and drugs gained 1.5%. County use tax pool totals were buoyed by receipt of previously uncollected taxes on internet sales.

## First Full Quarter for AB 155

AB 155 expanded the definition of nexus to include out-of-state sellers with statewide annual sales of \$1M or more and who have in-state affiliates providing services tied to those out-of-state sales. Effective September 15, 2012 companies meeting these criteria were required to collect California sales and use tax.

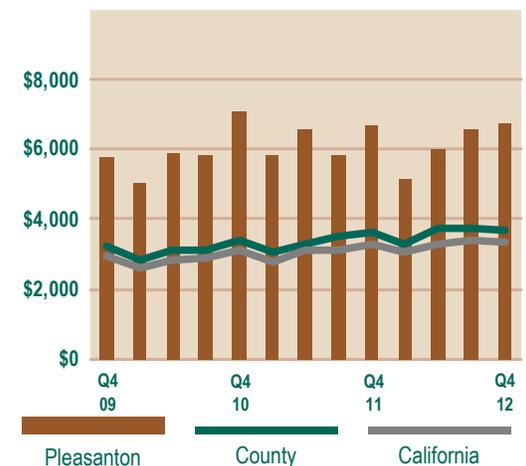
The 26 companies HdL has identified to date as falling under AB 155's criteria produced slightly over \$12M in local one-cent sales tax revenues in the fourth quarter of 2012. It is estimated that this will translate into annual revenues of about \$0.80 per capita. To date, the revenues are being allocated to all jurisdictions in California via the countywide use tax allocation pools. Each city and county receives its proportionate share of the pool based on its ratio of taxable sales.

Past deal making by high volume retailers suggests that new revenues could eventually be redirected to just a few agencies in exchange for sales tax rebates as more out-of-state companies decide where to locate their in-state distribution warehouses. Online sellers already located in the state have negotiated rebates as high as 85% of the local sales tax they collect.

S.336/HR.684, the Federal Marketplace Fairness Act, would provide

a uniform approach to allowing all states to require online and remote sellers to collect sales taxes. The bills are strongly supported by a coalition of national retailers and local governments but are opposed by eBay and anti-tax groups. Although the Senate has adopted a resolution of support, the bills themselves have not been formally acted upon in either the Senate or House of Representatives.

## SALES PER CAPITA



## PLEASANTON TOP 15 BUSINESS TYPES

Business Type	Pleasanton		County	HdL State
	Q4 '12*	Change	Change	Change
Business Services	140.9	-33.5%	-2.5%	14.2%
Department Stores	710.6	-5.3%	0.7%	-3.2%
Electrical Equipment	202.4	-24.0%	-20.8%	4.5%
Electronics/Appliance Stores	214.0	-1.2%	3.6%	3.6%
Family Apparel	165.0	-7.0%	22.4%	8.4%
Grocery Stores Liquor	127.2	9.7%	4.6%	-17.6%
Light Industrial/Printers	146.5	-13.3%	2.6%	-3.7%
Medical/Biotech	144.6	5.3%	5.6%	-12.2%
New Motor Vehicle Dealers	765.4	10.9%	18.1%	17.3%
Office Supplies/Furniture	180.2	57.6%	1.7%	4.7%
Restaurants Liquor	187.5	14.9%	10.6%	8.1%
Restaurants No Alcohol	147.5	3.5%	6.9%	5.1%
Service Stations	249.6	10.4%	5.2%	2.8%
Specialty Stores	139.2	4.5%	3.1%	0.0%
Women's Apparel	184.1	43.2%	31.4%	5.4%
<b>Total All Accounts</b>	<b>\$4,820.1</b>	<b>1.3%</b>	<b>1.1%</b>	<b>2.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>812.1</b>	<b>31.3%</b>		
<b>Gross Receipts</b>	<b>\$5,632.2</b>	<b>4.8%</b>		
City/County Share	(281.6)	-4.8%		
<b>Net Receipts</b>	<b>\$5,350.6</b>	<b>4.8%</b>		

\*In thousands